

SECRET

CGC 65-2021

3 June 1965

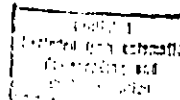
MEMORANDUM FOR THE RECORD

SUBJECT: Heine v. Raus -- Libel Suit

1. On 27 May 1965 [] and I met with Messrs. [] and [] Among the matters discussed were the investigator's report on Olaf Tammark, the mechanics of conducting an interview for four individuals now in Germany who had been imprisoned with Heine, and the analysis of Heine's deposition as prepared by an Agency asset. For the specifics regarding these subjects, see [] memorandum for the record, dated 2 June 1965.

2. I advised [] and [] that the Agency had thoroughly reconsidered its involvement in subsidizing Raus' defense, including not only the question of legal fees and expenses but also the matter of the \$110,000 judgment; and that we were prepared to assume full responsibility for all costs incurred. I emphasized that our only requirement was that this matter be finalized as soon as possible at the minimum cost possible and that they keep us currently advised of developments. In addition, they were told that they were free to negotiate a settlement under such terms as they considered appropriate in the circumstances, subject, of course, to our prior approval. With regard to the payment of the bill for legal services which to date amount to \$10,900, they were advised that this could be paid now or at the conclusion of the case, at their option.

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3. [] and [] were also told that Justice (Mr. Eardley) had suggested that if Raus were questioned regarding the source of his information, he should be advised to decline to answer on the grounds that an answer would subject him to criminal prosecution pursuant to Section 798 of Title 18. [] agreed with me that that section does not appear to be relevant to the problem. Furthermore, he was of the opinion that for Raus to rely on the Fifth would have an adverse reaction on the jury. I agreed to arrange an early meeting with Justice so that the specifics of its intervention and the differences in tactics could be more fully explored.

4. The financial commitment for legal fees and costs arising out of this cult was made to [] and [] on the basis of Mr. Houston's advice subsequent to his having discussed the entire matter with the DDCI on 14 May 1965.

15/ []
[]
Assistant General Counsel

cc: C/SR/O/AC

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